

GEOKINETICS INC.

February 13, 2003

Mr. D. Wayne Hedberg
Permits Supervisor
Mineral Reclamation Program
State of Utah
Division of Oil, Gas and Mining
PO Box 145801
Salt Lake City, Utah 84114-5801

RE: Seep Ridge Project M0470002

Dear Wayne:

Enclosed please find the Annual Report for 2002 for our operation at Seep Ridge, Uintah County, Utah.

Please let me know if you should require any additional information.

Sincerely,

A handwritten signature in blue ink, appearing to read "Michael A. Schott".

Michael A. Schott
Vice President

Attachment

RECEIVED

FEB 14 2003

DIV. OF OIL, GAS & MINING

*Reviewed
3/5/03*

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
1594 West North Temple - Suite 1210
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Salt Lake City, Utah 84114-5801
Telephone: (801) 538-5291
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FEB 14 2003

DIV. OF OIL, GAS & MINING

ANNUAL REPORT OF MINING OPERATIONS

The informational requirements of this form are based on provisions of the Mined Land Reclamation Act, Title 40-8, Utah Code Annotated 1953, as amended, and the General Rules as promulgated under the Utah Minerals Regulatory Program. An operator conducting mining operations under a Notice of Intention must file an annual operations and progress report (FORM MR-AR) with the Division.

I. General Information

1. Report Time Period: From (mo./yr.) Jan. 2002 To (mo./yr.) Dec 2002
 2. DOGM File Number (Mine No): M /047 /002
 3. Mine Name: Seep Ridge
 4. Mineral(s) Mined (or permitted to mine): Shale Oil
 5. Type of mine ☐ Surface Mine or ☒ Underground Mine
 6. Legal Description (Location of Lands Affected):
1/4, 1/4, 1/4, Section 2, Township 14S, Range 22E
1/4, 1/4, 1/4, Section, Township, Range
1/4, 1/4, 1/4, Section, Township, Range
 7. Name of Operator or Company: Geokinetics Inc.
 8. Permanent Street Address: One Riverway, Suite 2100
City, State, Zip: Houston, Texas 77056
Phone: 713-850-7600 Fax: 713-850-7330
 9. Company Representative (or designated operator):
Name: Michael A. Schott
Title: Vice President
Business Address: One Riverway, Suite 2100
City, State, Zip: Houston, Texas 77056
Phone: 713-850-7600 Fax: 713-850-7330
- ☐ Please check if any of the above information has changed since previous year.

II. Mining and Reclamation

1. Was there any mine related activity during the past year? Yes ☐ No ☒
2. If no - what was the last year of activity? 1986
3. If yes - how much ore or mineral was mined? N/A

4. Briefly describe the type of work performed, volume of material moved, and any new or additional surface disturbances that occurred during the past year.
N/A
5. How much **additional** acreage was disturbed during the past year? None
6. How much acreage was **reclaimed** during the past year? See attached.
7. Briefly describe the reclamation work performed during the past year. This description should include methods employed, and an evaluation of the results.
See attached.
8. What is the **total** disturbed acreage of entire project at years end? Approx 13.27 acres
9. Briefly summarize any mining and/or reclamation plans for the upcoming year.
See attached.

NOTE: Section III., "Additional Information" applies only to large mining operations.

III. Additional Information - R647-4-121.2 and .3

1. The operator shall include an updated map depicting surface disturbance and reclamation performed during the year, prepared in accordance with Rule R647-4-105.
2. The operator shall keep and maintain timely records relating to his performance under the Act, and shall make these records available to the Division upon request.

IV. Signature Requirement

I hereby certify that the foregoing is true and correct.

Name (Typed or Print):

Michael A. Schott

Title of Operator:

Vice President

Signature of Operator:

Michael A. Schott

Date:

1-31-03

ATTACHMENT TO ANNUAL REPORT OF MINING OPERATIONS

6. See Reports attached.

7. Site inspection was conducted on 8-21-02 with Mr. Paul Baker of DOGM. During October, 2002 reclamation work was conducted based upon Mr. Baker's recommendations and included plugging of drill holes, ripping and seeding roads and other areas, and spreading brush piles. A follow-up site inspection was conducted with Mr. Baker on 11-14-02 to observe results of reclamation work already performed and provide recommendations for subsequent requirements. Copies of Mr. Baker's reports are attached.

9. Continue to work with contractor to complete the recommendations outlined in Mr. Baker's report of 11-18-02, monitor the results of the seeding conducted in the fall of 2002 and conduct site inspection with DOGM at appropriate times during 2003. Will also work with DOGM and SITLA to resolve any issues related to water rights.



State of Utah

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Michael O. Leavitt
Governor

Robert L. Morgan
Executive Director

Lowell P. Braxton
Division Director

November 18, 2002

TO: Minerals File

FROM: Paul Baker, Senior Reclamation Biologist 

RE: Site Inspection, Geokinetics, Seep Ridge Project, M/047/002, Uintah County, Utah

Date of Inspection: November 14, 2002
Time of Inspection: 8:30 to 11:30 a.m.
Conditions: Cloudy, 30°s
Participants: Mickey Schott, Geokinetics; Paul Baker, DOGM

Purpose of Inspection:

The operator recently closed the water monitoring wells and scarified and seeded several areas. We wanted to look at the work that was done and make sure it was adequate.

Getting to the site:

The site is about 56 miles south of U. S. Highway 40 on the Seep Ridge Road. The report for the August 21, 2002, inspection gives more details.

Observations:

All of the non-public roads have been ripped and seeded except for the short access road to the water well. Although it does not appear there was an attempt to make the rips parallel to the contour, I do not anticipate any serious erosion problems because the terrain is not too steep. People have driven enough on the road leading from the Seep Ridge Road to the pipeline road that the rips have been pretty much smoothed over.

There was a road through the camp area, and this was the only part of this area that was ripped. There are several places dominated by weeds in the camp area that were not ripped or, I presume, seeded (Photo 1).

Photo 2 shows the area southeast of where the shop building stood. This area was ripped and seeded. I did not measure or pace the distance between rips, but, as I recall and based on the photos, it varied from about four feet to less than one foot.

We went to the all of the monitoring well sites. These sites and the access roads have been ripped and seeded, and there was no surface evidence of the wells. I took photos of all of these sites but have only included one (Photo 3) in this report.

There was some old equipment at the water well, and some of the soil was stained as if from a diesel or oil spill.

The report for the August 21, 2002, inspection mentions three brush piles that were to be spread around. I only remember seeing two, and during this inspection we only found two. Although I had expected these piles to be spread over large areas, they were, instead, spread around the immediate areas where these piles had been (Photo 4).

As we walked over the site, we periodically checked for seed and found it in every place we checked.

Conclusions and Recommendations:

I cannot verify how the monitoring wells were sealed, but the surface reclamation looked good.

Portions of the camp area containing mostly weeds should be ripped and seeded. There was one other area southeast of the entrance that should also be ripped and seeded.

The operator may want to rip and seed the area southeast of the shop pad a little better, but I decided to leave this to their judgment. I anticipate that seeded grasses will grow in the rip marks, but I do not expect much growth outside these marks.

Although the brush piles were not spread like I expected them to be, I have no problem with the way it was done. It may take a few years before there is much growth in some of these areas, but because the soil will have so much organic matter, I expect production to be very good once plants start to come back.

The water well has now been transferred to the Uintah County Special Service District, but there is a rancher that has used the well. I am not certain who actually spilled fuel or oil in this area, but even though the operator probably had nothing to do with the spill, they need to take some responsibility for getting it cleaned up since it is within the permitted area.

The site is on land managed by the School and Institutional Trust Lands Administration (SITLA), and on November 13, 2002, I received a telephone call from John Blake with SITLA about the well. SITLA wants the operator to either transfer ownership of the well and its associated water right to them or to reclaim the well. Since the well has already been transferred to another party, neither of these options is entirely within the control of the operator. I am not certain how the operator will be able to resolve this conflict, but I advised Mr. Schott to begin by contacting Mr. Blake.

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Geokinetics, Seep Ridge Project

M/047/002

November 21, 2002

Mr. Schott asked about having the bond amount reduced, and this should be possible. The operator should make this request in writing. Reclamation for which the Division needs to continue to hold a bond includes the water well and some revegetation work.

jb

cc: John Blake, SITLA

Mickey Schott, Geokinetics

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ATTACHMENT
November 18, 2002
Photographs
M/047/002, Seep Ridge Mine, Geokinetics



Photo 1. Camp area with ripped and seeded road on the lower right. Parts of the area have little desirable vegetation and were not ripped and seeded.



Photo 2. Area southeast of where the shop building was.

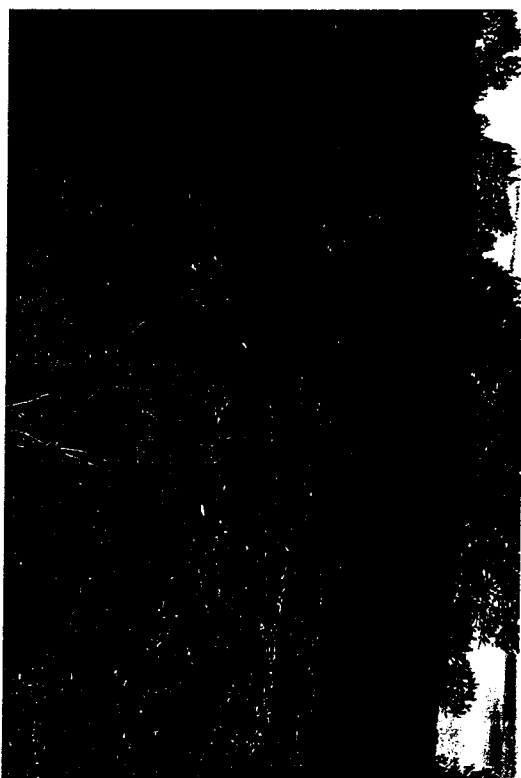


Photo 3. One of the water monitoring well sites.



Photo 4. One of the brush piles.



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Robert L. Morgan
Executive Director

Lowell P. Braxton
Division Director

September 10, 2002

TO: Minerals File

FROM: Paul Baker, Senior Reclamation Biologist 

RE: Site Inspection, Geokinetics, Seep Ridge Project, M/047/002, Uintah County, Utah

Date of Inspection: August 21, 2002
Time of Inspection: at the site from about 8:30 to 10:30 AM
Conditions: Partly cloudy, 70's
Participants: Mickey Schott and David Yacco, Geokinetics; Paul Baker, DOGM

Purpose of Inspection:

Geokinetics would like to complete reclamation at this site, and we wanted to look at what still needs to be done.

Getting to the site:

From US Highway 40 west of Vernal, turn south on SR 88. At 50.8 miles, go straight. Take the left fork at 56.0 miles. The site begins at about 56.2 miles. There is an unimproved road that goes left at this point, and there is a well just to the left of this road. The site is basically south and east from here.

Observations:

We looked at several specific areas, but the conditions we found and my recommendations can be summarized with some general comments. The site has been adequately graded except that some of the roads are still driveable and may need some minimal earthwork, and there are some areas that need additional revegetation and other work.

Just off the Seep Ridge county road is a water well that the operator intends to leave for the use of a local rancher.

Most of the area has been adequately revegetated. Dominant desirable species in the revegetated areas are forage kochia, fourwing saltbush, western wheatgrass, winterfat, thickspike wheatgrass, and alkali sacaton. There are some areas where weeds dominate. These areas include portions of the trailer camp, an area southeast of the shop, and, as I recall, the area of the revegetation plot (or near this). We also found three piles of brush from where certain areas had been cleared.

Some of the roads are being used for an adjacent pipeline and by recreationists, but some appear to have been built for the mine.

Conclusions and Recommendations:

Although we only looked at one water well, the bond estimate done in 1996 indicates there are two wells. These wells are to be transferred to SITLA, and the operator needs to ensure the water rights and the wells are properly transferred.

As far as I can tell, all of the surface facilities we looked at are on land being managed by SITLA. I spoke with John Blake of SITLA about which roads should be reclaimed and which should remain after mining. He said that in general, any road that was built for the mine should be reclaimed but any roads that were there before the mine should be left. Roads that should be left include the north-south pipeline road and one road extending from the Seep Ridge county road to the pipeline. Unless there are other public roads of which I am not aware, all other roads need to be reclaimed. These roads should be ripped parallel to the contour as much as possible then seeded.

Other areas where weeds dominate should be re-scarified and reseeded. We discussed ripping these areas shallowly and parallel to the contour to break the soil crust and allow better contact between the seed and soil. Because weeds have become well established in these areas, I expect a flush of weeds in the season after seeding, but with adequate moisture, desirable vegetation should be able to become established and eventually outcompete the weeds. Seeding should definitely be done in the fall. A recommended seed mix was previously sent to the operator, but I am attaching a copy to this report.

The operator asked if I would check to find the names of reclamation contractors in the area. This was also done previously.

jb
Enclosure: Seed Mix Recommendation
cc: Mickey Schott
John Blake
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Recommended Seed Mixture
Geokinetics, Seep Ridge Mine, M/047/002
Prepared August 23, 2002

Species	Pounds PLS/Acre
Fourwing Saltbush	3
Forage Kochia	0.5
Western Wheatgrass	4
Alkali Sacaton	0.1
Crested Wheatgrass	2
Russian Wild Rye	2
Yellow Sweetclover	0.5
Thickspike Wheatgrass	2

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